

Message Text

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ACTION EUR-12

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INFO AMCONSUL MONTREAL
ALL OTHER CANADIAN CONSULATES

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E.O. 11652: N/A
TAGS: EFIN
SUBJECT: FOURTH QUARTER BALANCE OF PAYMENTS

1. SUMMARY: SEASONALLY ADJUSTED BALANCE OF PAYMENT FIGURES FOR 1976 FOURTH QUARTER, RELEASED BY STATCAN ON MARCH 15, SHOW CURRENT ACCOUNT DEFICIT OF C\$1,363 MILLION OR MORE THAN DOUBLE DEFICIT OF PREVIOUS QUARTER. NOT SEASONALLY ADJUSTED CURRENT ACCOUNT DEFICIT FOR FOURTH QUARTER WAS C\$1,255 MILLION. FOR 1976 YEAR, CURRENT ACCOUNT DEFICIT WAS C\$4,329 MILLION OR \$600 MILLION LESS THAN IN 1975. END SUMMARY.

2. STATISTICS CANADA RELEASED BALANCE OF PAYMENTS FIGURES ON MARCH 15 FOR 1976 FOURTH QUARTER AND ALL OF 1976. ON SEASONALLY ADJUSTED BASIS, CURRENT ACCOUNT DEFICIT IN FOURTH QUARTER ROSE TO C\$1,363 MILLION FROM C\$537 MILLION IN PREVIOUS QUARTER. DROP OF 5.2 PERCENT IN MERCHANDISE EXPORTS AND INCREASE OF 0.7 PERCENT IN IMPORTS RESULTED IN MERCHANDISE TRADE SURPLUS OF C\$212 MILLION, AS OPPOSED TO SURPLUS OF C\$793 MILLION IN THIRD QUARTER. INCREASE OF NEARLY C\$250 MILLION
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IN DIVIDEND AND INTEREST PAYMENTS RESULTED IN DEFICIT OF C\$1,482 ON GOODS AND SERVICES.

3. NOT SEASONALLY ADJUSTED, CURRENT ACCOUNT DEFICIT IN FOURTH QUARTER WAS C\$1,255 MILLION (VICE C\$125 MILLION IN THIRD QUARTER), WITH MERCHANDISE TRADE IN SURPLUS BY C\$501 MILLION BUT GOODS AND SERVICES HAVING

DEFICIT OF C\$1,427 MILLION.

4. FOR 1976 AS WHOLE, CURRENT ACCOUNT WAS IN DEFICIT BY C\$4,329 MILLION, WITH MERCHANDISE TRADE SURPLUS OF C\$1,132 MILLION (VICE DEFICIT OF C\$639 MILLION IN 1975) AND DEFICIT ON GOODS AND SERVICES OF C\$4,870 MILLION (VICE DEFICIT OF C\$5,371 MILLION IN 1975).

5. TOTAL CAPITAL MOVEMENTS IN FOURTH QUARTER 1976, UNADJUSTED FOR SEASONAL VARIATIONS, RESULTED IN NET CAPITAL INFLOW OF C\$1,275 MILLION VERSUS NET OUTFLOW OF C\$48 MILLION IN PREVIOUS QUARTER. CANADA'S OFFICIAL RESERVES ROSE BY C\$20 MILLION.

6. CAPITAL TRANSACTIONS IN LONG-TERM FORMS PROVIDED NET INFLOW OF C\$1,146 MILLION IN FOURTH QUARTER WITH NEW ISSUES OF CANADIAN ISSUES ABROAD PROVIDING C\$1,849 MILLION. FOREIGN DIRECT INVESTMENT IN CANADA REGISTERED NET OUTFLOW OF C\$160 MILLION, AND CANADIAN DIRECT INVESTMENT ABROAD WAS C\$215 MILLION.

7. CAPITAL MOVEMENT IN SHORT-TERM FORMS PRODUCED NET INFLOW OF C\$129 MILLION. ACCORDING STATCAN, THIS SMALL NET RESULT BASED ON RECORDED NET INFLOWS IN SHORT-TERM FORMS AND LARGE BALANCING ITEM (ESTIMATED AT C\$1.75 BILLION) REPRESENTING TRANSACTIONS NOT IDENTIFIED IN EXISTING DATA COLLECTION SYSTEM.

8. FOR 1976, CAPITAL MOVEMENTS PRODUCED NET INFLOW OF C\$4.9 BILLION, ALMOST C\$300 MILLION MORE THAN RECORD ACHIEVED IN 1975. NET INFLOW OF C\$7.5 BILLION IN LONG-TERM FORMS BASED ON NEW ISSUES OF CANADIAN SECURITIES WHICH BROUGHT IN C\$8.9 BILLION IN 1976.

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9. THERE WAS SWING OF OVER C\$1 BILLION IN FOREIGN DIRECT INVESTMENT FLOWS. IN 1975 FOREIGN DIRECT INVESTMENT IN CANADA WAS C\$630 MILLION AND CANADIAN DIRECT INVESTMENT ABROAD WAS \$650 MILLION. IN 1976 THERE WAS NET OUTFLOW OF FOREIGN DIRECT INVESTMENT OF C\$395 MILLION AND CANADIAN DIRECT INVESTMENT ABROAD OF C\$555 MILLION.

10. TOTAL NET CAPITAL BALANCE IN 1976 WAS C\$4,851 MILLION (VICE C\$4,561 MILLION IN 1975) AND CANADA'S NET OFFICIAL RESERVES ROSE C\$522 MILLION VERSUS REDUCTION OF C\$404 MILLION IN 1975.

11. CANADA'S CURRENT ACCOUNT WITH U.S. SHOWED DEFICIT OF C\$1,333 MILLION IN FOURTH QUARTER AND C\$3,952 MILLION FOR YEAR. MERCHANDISE TRADE WITH U.S. IN 1976 WAS IN SURPLUS BY C\$571 MILLION (VERSUS DEFICIT OF C\$1,122 MILLION IN 1975), BUT BALANCE ON GOODS AND SERVICES WAS IN DEFICIT BY C\$4,055 MILLION (VICE C\$4,796 MILLION IN 1975).

12. CANADA'S CAPITAL ACCOUNT WITH U.S. IN 1976 SHOWED

NET OUTFLOW OF DIRECT INVESTMENT OF C\$576 MILLION PLUS
CANADIAN DIRECT INVESTMENT IN U.S. OF C\$231 MILLION.
NEW CANADIAN ISSUES IN U.S. WERE C\$5,401 MILLION, AND
CANADA HAD SURPLUS OF C\$4,355 MILLION IN CAPITAL
MOVEMENTS IN LONG-TERM FORMS. CANADA'S TOTAL NET
CAPITAL BALANCE WITH U.S. WAS IN SURPLUS BY C\$1,308
MILLION. ENDERS

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